

**STATE OF MICHIGAN  
DEPARTMENT OF LABOR & ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

**Before the Commissioner of the Office of Financial and Insurance Regulation**

**In the matter of:**

**Jeffrey L. Ripley**

**Enforcement Case No. 07-5061**

**The Equity Financial Group of Companies, Inc.**

**Respondents**

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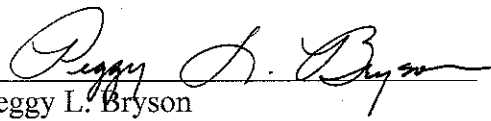
Issued and entered  
on June 30, 2008  
by Peggy L. Bryson  
Acting Chief Deputy Commissioner

**FINAL ORDER**

1. On June 1, 2008, the Commissioner issued an Order to Cease and Desist, hereafter ("Order"), pursuant to Section 408 of the Michigan Uniform Securities Act, hereafter ("MUSA"), MCL 451.808. Said Order advised Respondents that they may contest the Order by requesting a hearing within 15 days after service of the Order.
2. On June 3, 2008, the Office of Financial and Insurance Regulation, hereafter ("OFIR"), mailed the Order to Respondent Jeffrey Ripley via certified mail (#7006 0100 0006 4497 1157) to the address of: 8669 Thorne Drive, Sparta, MI 49345.
3. On June 5, 2008, as indicated on the certified mail card, Respondent Ripley received the Order.
4. On June 3, 2008, OFIR mailed the Order to The Equity Financial Group of Companies, Inc. via certified mail (#7006 0100 0006 4497 1140) to the address of: 3055 Cass Road, Suite 107, Traverse City, MI 49684.
5. On June 11, 2008, the United States Postal Service returned the Order for Respondents The Equity Financial Group of Companies, Inc. marked "Undeliverable as Addressed."

6. A copy of the Order dated June 1, 2008, and this Final Order was served on the Administrator, specifically Commissioner Ken Ross. Service of the Order upon the Administrator is made pursuant to Section 414 of the MUSA, MCL 451.814.

7. Respondents have failed to request a hearing within 15 days after service on them of the Order, as provided in Section 408 of the MUSA, MCL 451.808, therefore the Order is **FINAL**.

By:   
Peggy L. Bryson  
Acting Chief Deputy Commissioner  
Office of Financial and Insurance Regulation

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*Issued and entered*  
on June 1 2008  
*by Peggy L. Bryson*  
*Acting Chief Deputy Commissioner*

**ORDER TO CEASE AND DESIST**

The Office of Financial and Insurance Regulation of the Michigan Department of Labor and Economic Growth, pursuant to the Michigan Administrative Procedures Act of 1969, MCL 24.201 *et. seq.*, (hereafter "MAPA") and the Michigan Uniform Securities Act, as amended, MCL 451.501 *et. seq.*, (hereafter "Act"), and the rules promulgated under the Act, say that:

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The staff of the Office of Financial and Insurance Regulation (hereafter "OFIR") alleges that the following facts are true and correct:

1. OFIR is responsible for the licensing and regulation of securities and enforcement of the provisions of the Act. Effective April 6, 2008, the Office of Financial and Insurance Services was renamed the Office of Financial and Insurance Regulation, and is hereafter referred to as ("OFIR") in this Order.
2. OFIR received information that the Respondent Jeffrey L. Ripley, (hereafter "Ripley" or "Respondent") in conjunction with The Equity Financial Group of Companies, Inc. (hereafter "TEFG") was engaged in the activity of offering and or selling unregistered or non-exempt securities.
3. Respondent Ripley (CRD No. 1069613) was previously licensed as a securities agent in Michigan. His securities license has been inactive since 1997.

4. At all pertinent times, Respondent was not a registered securities agent nor was he registered in any other capacity to transact securities business in the State of Michigan.
5. Respondent was previously involved in the sale of unregistered securities and entered into a Consent Order to Cease and Desist with OFIR on October 18, 1999. Respondent was ordered to cease and desist from selling securities which were not registered, nor exempt from registration under the Act.
6. Respondent's insurance producer license was revoked by the Commissioner of OFIR on March 23, 2007 following an insurance hearing at which Respondent failed to appear. Respondent was found to have violated the Michigan Insurance Code by improperly withholding, misappropriating, or converting money or property received in the course of doing insurance business and using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in the State of Michigan.
7. TEFG was incorporated by Respondent and four other individuals on March 7, 2002. TEFG failed to file annual reports and was administratively dissolved by the Corporation Division, Department of Labor & Economic Growth in 2005.
8. The securities transactions in question all occurred while TEFG was still an active corporation.
9. Section 401(z) of the Michigan Uniform Securities Act, includes as a "security" any "contractual or quasi contractual arrangement pursuant to which:
  - a. A person furnished capital, other than services, to an issuer;
  - b. A portion of that capital is subjected to the risks of the issuer's enterprise;
  - c. The furnishing of that capital is induced by the representations of an issuer, promoter, or their affiliates which give rise to a reasonable understanding that a valuable tangible benefit will accrue to the person furnishing the capital as a result of the operation of the enterprise;
  - d. The person furnishing the capital does not intend to be actively involved in the management of the enterprise in a meaningful way; and
  - e. A promoter or its affiliates anticipate, at the time the capital is furnished, that financial gain may be realized as a result thereof."
10. Respondent knew or had reason to know that Section 101(2) and (3) of the Act, MCL 451.501(2) and (3) makes it unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

11. Respondent knew or had reason to know that Section 201 of the Act, MCL 451.601, provides that a person shall not transact business in this State as an investment adviser, agent or broker dealer unless registered under the Act.
12. Respondent knew or had reason to know that Section 301 of the Act, MCL 451.701, makes it unlawful for a person to offer or sell any security in the State of Michigan unless the security is: 1) registered under the Act, 2) an exempt security or transaction under Section 402 of the Act, or 3) a federally covered security.
13. Respondent further knew or had reason to know that Section 401(z) of the Act, MCL 451.801(z) defines a "security" which includes investment contracts such as the Facilitation Agreements issued by Respondent.
14. Respondent solicited money from Michigan residents for various investments he knew about and issued the investors a Facilitation Agreement which stated the rate of return (10% to 700%) on their investment.
15. The Facilitation Agreement stated that the Payees were "providing funds to TEFEG (PAYOR) for purposes of facilitating the completion of an international transaction." Respondent signed the Facilitation Agreements as the Payor and had the payee/investor make their checks payable to TEFEG. Respondent then deposited the checks in his (Jeffrey Ripley DBA The Equity Financial Group) checking account. According to bank records, Respondent was the owner and only authorized signer for this account.
16. Respondent omitted to provide the investors with material facts or information such as: a financial statement of the issuer (i.e., Respondent), the use of the proceeds by the issuer, the operating history of the issuer, or any other relevant information needed by an investor to make an informed decision about the issuer, the financial condition of the issuer, or the security offer by the issuer.
17. The investors never received any monthly or account statements, or proof of ownership or stock certificate other than the original Facilitation Agreement from Respondent. Further, investors have never received any dividend, interest payment, or other return on their investment.
18. There is no evidence that Respondent ever invested the investor's money in any type of stock, security, bond, insurance annuity or other legitimate asset. It appears the investor's money was simply deposited in the Respondent's (Jeffrey Ripley DBA The Equity Financial Group) checking account and Respondent made personal use of the investor's money.
19. Several investors have requested that Respondent return their investment money, but the Respondent has failed to return any money to these people.
20. Respondent actions in connection with his offer, sale, or purchase of securities were an act, practice, or course of business which operated as a fraud or deceit upon the investors.

WHEREAS, Section 408 of the Act, MCL 451.808 states that whenever it appears to the Administrator (Commissioner of the Office of Financial and Insurance Regulation) that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this act or any rule or order hereunder, it may in its discretion issue a cease and desist order or bring an action in a circuit court to enjoin the act or practices and to enforce compliance with this act or any rule or order hereunder; and

WHEREAS, Respondent offered and sold securities, i.e., investment contracts, to Michigan residents; and

WHEREAS, an investment contract, such as the Facilitation Agreement issued by Respondent, meets all of the requirements of a security as defined in Section 401(z) of the Act, MCL 451.801(z); and

WHEREAS, Section 301 of the Act, MCL 451.701, provides that it is unlawful for any person to offer or sell any security in Michigan unless the security is: registered under the Act, the security or transaction is exempt under Section 402 of the Act, MCL 451.802, or the security is a federally covered security; and

WHEREAS, the securities offered and sold by Respondent do not meet any of the requirements listed in Section 301 of the Act, MCL 500.701; and

WHEREAS, Respondent therefore offered and sold securities in the State of Michigan in violation of Section 301 of the Act, MCL 451.701; and

WHEREAS, Section 201 of the Act, MCL 451.601, provides that a person shall not transact business in this State as an investment adviser, agent, or broker dealer unless registered under the Act; and

WHEREAS, Respondent transacted business in the State of Michigan but is not registered under the Act to act as an investment adviser, agent, or broker dealer; and

WHEREAS, Section 101(2) of the Act, MCL 451.501(2) provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; and

WHEREAS, in connection with the offer, sale or purchase of any security Respondent made untrue statements of a material fact and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; and

WHEREAS, Section 101(3) of the Act, MCL 451.501(3) provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to

engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and

WHEREAS, in connection with the offer, sale or purchase of any security, Respondent engaged in acts, practices, or a course of business which operated as a fraud or deceit upon the investors; and

WHEREAS, the Administrator finds this Order necessary and appropriate in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, based on the foregoing, OFIR Staff recommends that the Administrator find that Respondent has engaged in acts and practices that violate Section 101, 201, and 301 of the Act, MCL 451.501, 451.601, and 451.701 and Rules promulgated under the Act.

### **ORDER**

**IT IS THEREFORE ORDERED**, pursuant to Section 408 of the Act, MCL 451.808 and Section 409 of the Act, MCL 451.809, that:

1. Respondent shall immediately **CEASE AND DESIST** from violating Section 101, 201, 301 of the Act, MCL 451.501, 451.601, and 451.701.
2. Respondent shall pay to the State of Michigan a civil fine of Two Thousand Five Hundred Dollars (\$2,500.00) by the due date listed on the Invoice.

Failure to comply with this ORDER may upon conviction subject you to a criminal penalty of not more than \$25,000 for each violation, or imprisonment of not more than 10 years, or both.

You may file with the Administrator within 15 days after service of this Order a written request for a hearing. The Administrator, within 15 days after your filing, shall issue a notice of hearing and set a date for the hearing. Any request for a hearing should be addressed to: the Office of Financial and Insurance Regulation, Attention: Hearing Coordinator Dawn Kobus, P.O. Box 30220, Lansing, Michigan 48909.

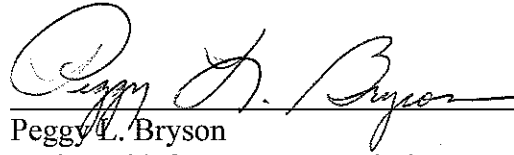
If you do not request a hearing, or it is not ordered by the Administrator within 15 days, this Order will stand as entered and will be FINAL.

It is important to understand that any statements that you present in response to this Order may be used against you at a hearing. It is also important to understand that you have the right, at your own expense, to have an attorney assist you at a hearing.

Any other communication regarding this Order should be addressed to the Office of Financial and Insurance Regulation, Attention: William R. Peattie, P.O. Box 30220, Lansing, Michigan 48909.

MICHIGAN DEPARTMENT OF  
LABOR & ECONOMIC GROWTH

By:

A handwritten signature in cursive script, appearing to read "Peggy L. Bryson", written over a horizontal line.

Peggy L. Bryson  
Acting Chief Deputy Commissioner